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Assessing Corruption and Avenues for Reform: USAID Corruption Assessment Framework and Methodology

Presentation to The World Bank
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Objectives of Assessment Framework/Methodology

- **Assessment:**
 - Develop integrated approach, tools and guidance for USAID Missions and implementing partners to conduct corruption assessments
- **Programming:**
 - Support development of Mission anticorruption strategic outlook and prioritized recommendations for anticorruption programming



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Other outcomes/potential outcomes

- Promote AC approaches outside of traditional democracy and governance areas
- Distill ideas about appropriate sequencing of AC reforms
- Move from institutional/legal analysis to “what’s really happening”
- A mainly qualitative approach, though existing data can inform the analysis
- Not necessarily for tracking progress



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Status of project

- Currently in use, but in draft form
- Two pilot tests – Mozambique and Ukraine
- More testing needed



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Underlying Principles

- All corruption is not the same
- All countries do not possess the same proclivity toward corruption
- All countries are not at the same level of anticorruption readiness
- Corruption is multi-sectoral
- Corruption is multi-level
- Corruption is manifested in many ways
- Corruption is strongly influenced by situational factors
- Fighting corruption is a political, as well as a technical, problem



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Features of the Framework

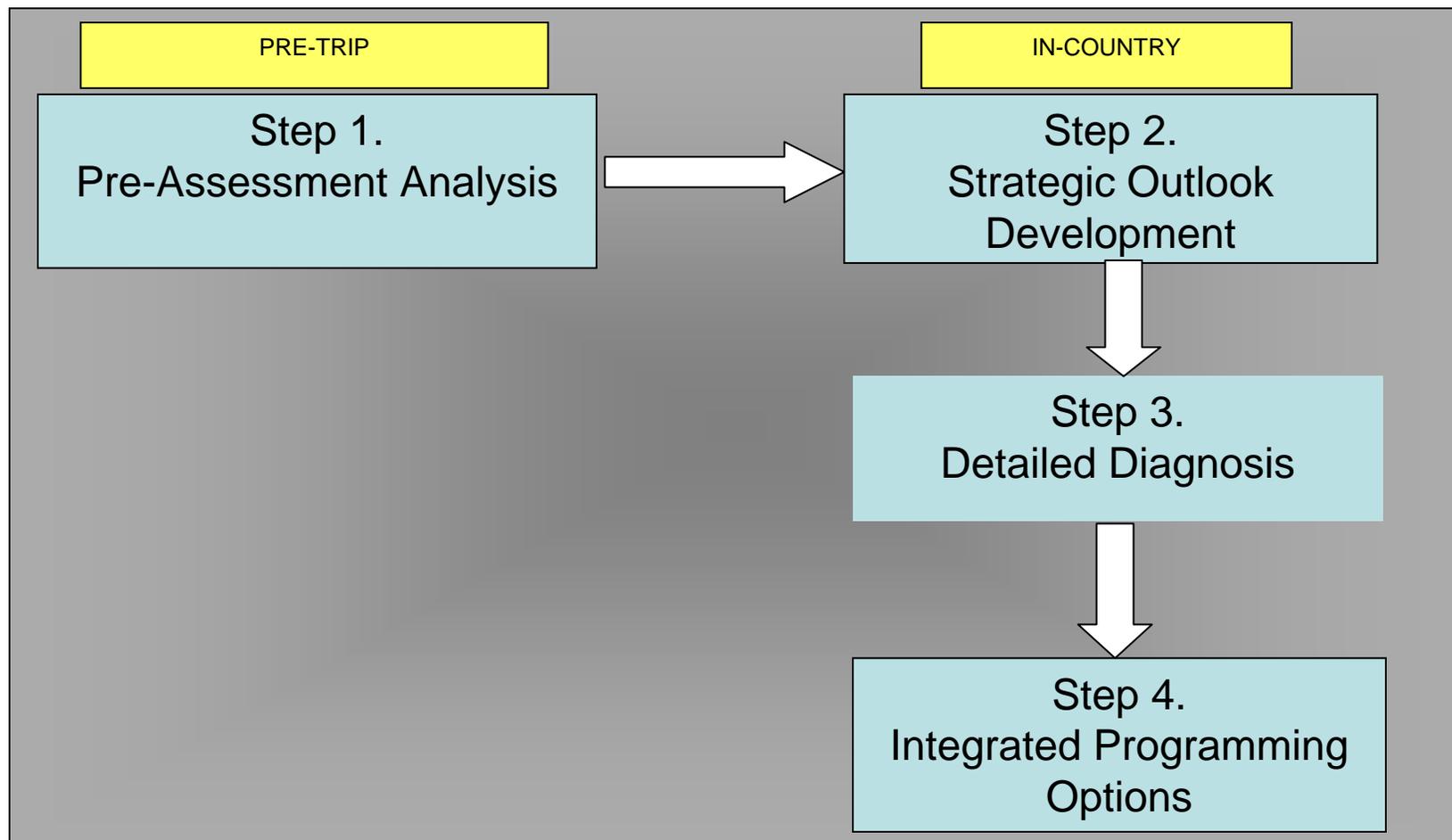
- Focus on **underlying causes, not symptoms**
- Promotes a **strategic approach**
- Particular focus on **political-economic dynamics and grand corruption**
- **Mainstreaming** anticorruption activities throughout portfolio
- **Sector and cross-sector** detail
- Support in identifying and **ranking program options**

- Provides guidance and direction to assessment teams, not “the” answer, and not a recipe



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Steps in the Corruption Assessment Framework





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Step 1. Pre-Assessment Analysis

Integrate and analyze information to develop a solid foundation

1. Coordination with the Mission
2. Staffing
3. Data Gathering and Review
4. Meetings in the US

5. Legal-Institutional Framework

- Factual checklist – What laws and institutions exist? To what degree are they adequate, implemented, effective?
- Narrative report

Outputs: Literature review
 Legal/institutional framework review



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Step 2. Strategic Outlook Development

Generate strategic perspective on country corruption and how to control it, including vulnerabilities and opportunities in key sectors/functions

1. Initial Mission Meetings
2. Initial Stakeholder and Donor Meetings
3. **Corruption Checklist**
 - How adequate is the existing legal/institutional/sectoral framework?
 - What sectors and functions emerge as most important?
4. **Syndrome Designation**
 - Syndrome dimension and descriptor questions; focus group
5. **Strategic outlook**

Outputs: Draft strategic outlook
 Priority sectors and functions



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Corruption Checklist

Areas covered (examples)

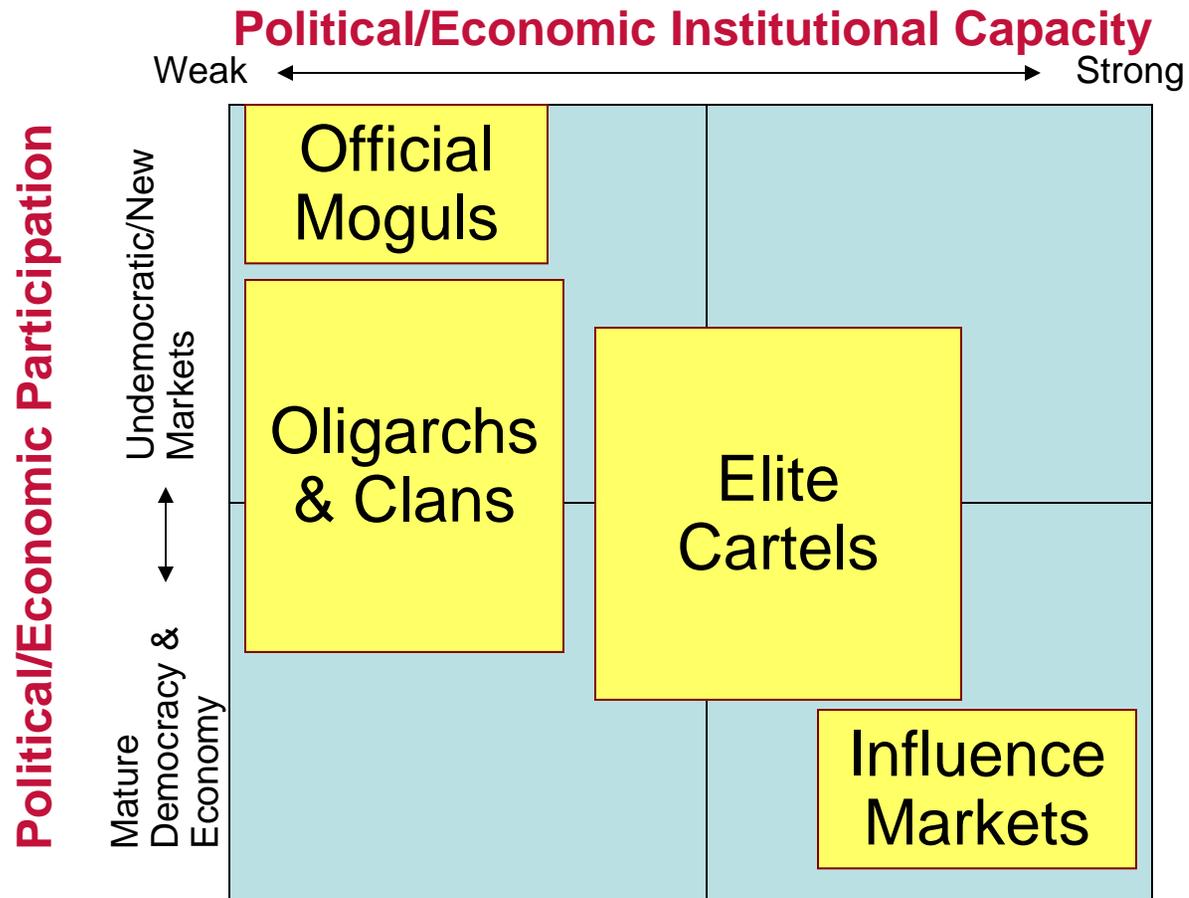
- AC strategies/plans
- Enforcement laws/institutions
- Freedom of Information
- Public service: COI, Whistleblower, meritocracy
- Public/civil society participation
- Key sectors and functions of government
 - Procurement, taxation
 - Regulatory functions/bodies
 - Budget & fin. management
 - Elections/political finance

Adequacy Questions

- Is the legislation:
 - Comprehensive?
 - Consistent?
 - Enforceable?
 - Publicly available?
- Are implementing institutions:
 - Effective?
 - Impartial?
- Are oversight bodies:
 - Effective?
 - Impartial?
- Are there stakeholders with the political will to implement reforms?¹⁰

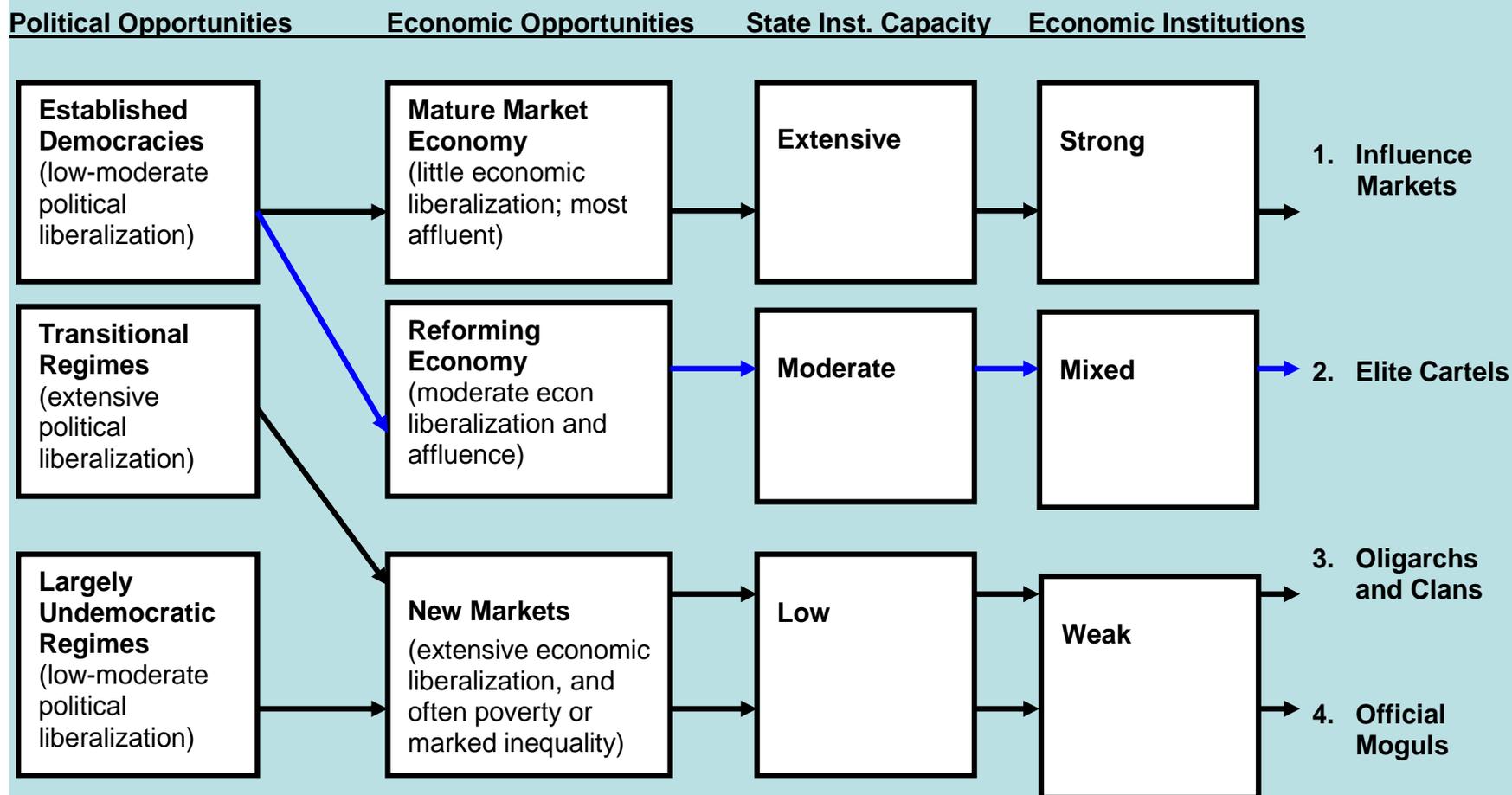


Corruption Syndromes Designation





Syndromes designation—four dimensions





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Syndrome Designation: Descriptor Questions

1. Focus of corruption
2. Extent of corruption
3. Key beneficiaries
4. Secondary beneficiaries
5. Losers from corruption
6. Stakes and goals of corruption
7. Critical resources
8. Degree and form of organization
9. Predictability of corruption
10. Opposition to corruption



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Strategic outlook: Defining the problem and identifying strategies

	Elite Cartels	Oligarchs & Clans	Official Moguls* (*this category is the most diverse)
Problem	<p><i>Collusive economy and polity serve top elite interests</i></p> <ul style="list-style-type: none"> --Competition is manipulated, but stable coalitions can deliver basic governance --Functional state institutions, but colonized; politicized bureaucracy --Weak delineation between public and private 	<p><i>Disorderly, unstable political and economic competition</i></p> <ul style="list-style-type: none"> --Very weak state institutions --<i>Insecurity</i>: no rules and/or no way to enforce them --Hijacked bureaucracy, judiciary --Weak delineation between public and private 	<p><i>Elite impunity & minimal political and economic competition; little public participation</i></p> <ul style="list-style-type: none"> --Very weak state institutions --Dominance of personal roles & loyalties over official --No delineation betw. public and private
Strategy	<p><i>Shore up countervailing forces and improve management</i></p> <ul style="list-style-type: none"> --Reduce collusion in pol/econ competition; transparency --Deregulation, privatization; but with careful oversight --Strengthen checks & balances, civil society, media --Improve bureaucratic capacity, performance --moderate pace of change; avoid decline into insecurity 	<p><i>Decrease insecurity and increase incentives for rule-based competition:</i></p> <ul style="list-style-type: none"> --Increase order in economy first--banks, capital markets, property rights, tax/customs --strengthen judiciary, law enf. & basic civil liberties --avoid strong enforcement approaches to AC; too easily hijacked or may further destabilize polity 	<p><i>Gradual reforms to increase openness and accountability</i></p> <ul style="list-style-type: none"> --basic civil liberties; civil society focusing on concrete interests --economy--protect & build non-state opportunities --least likelihood that "AC reforms" will be more than window dressing --international actors (donors, businesses) very important



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Step 3. Detailed Diagnosis

Assess key sectors/functions in detail to itemize risks, political will, opportunities and obstacles, and potential reforms

1. Schedule Meetings and Engage Local Experts
- 2. Apply Diagnostic Guides to Selected Sectors and Functions**

Outputs: Detailed sector/function assessments
 Cross-sectoral implications



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Detailed Diagnostic Guides Available

Governmental Sectors and Institutions

- Judiciary
- Legislature
- Public Institutions/Civil Service
- Supreme Audit Institution
- Anticorruption agencies
- Regional and Local Government
- Law Enforcement Institutions
- Electoral Commission and Election Process

- Political Parties
- Taxation System
- Customs
- Healthcare
- Education
- Private Sector

Cross-Cutting Issues and Functions

- Budget and Financial Management
- Public Procurement
- Privatization



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Step 4. Integrated Programming Options

Integrate and prioritize program recommendations within and across sectors

- 1. Prioritize Program recommendations, based on syndrome analysis, needs and opportunities**
- 2. Case Study Database**
3. Toolkit Resources

Outputs: Integrated and prioritized program options
Corruption Assessment Report



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Prioritize programmatic recommendations

- Evaluate weaknesses/needs against strategic advice
 - Syndromes suggest priority areas, and risks
- Host country partner interest, commitment
 - Government, civil society
 - External factors, incentives (e.g., EU Accession, WB conditionality, MCC, UNCAC)
- USAID investments, comparative advantage
- Bilateral relationship, priorities
- Other donor investments



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Ukraine: Elite Network-State Corruption (Elite Cartels)

Core strategy

recommendations:

1. Strengthen the anticorruption legal & institutional regime
2. Support demand-side capacity building
3. Build gov't capacity where political will seems strongest
4. Mainstream anticorruption agenda throughout USAID portfolio

Guidance from syndrome analysis

1. Reduce collusion, build transparency, regulatory reform
2. Strengthen checks and balances and build oversight
3. Improve bureaucratic capacity/performance
4. [political party finance transparency proposed as a *later* programming recommendation; risky to fragile political bargain?]



Mozambique: Weak undemocratic state corruption (Official Moguls)

Core strategy recommendations

- 1. Fix structural weaknesses in democracy and governance**
- 2. Focus on transparency in governance as first step toward accountability**
- 3. Support demand-side capacity and activism, but look to groups active in other sectors (mainstreaming, local government)**
- 4. Heavy emphasis on donor/diplomatic role**

Guidance from syndrome analysis

- 1. Start with basic civil liberties and transparency**
- 2. Without committed leadership, supply-side improvements have limited likelihood of success**
- 3. Be careful about insecurity for advocates; link public participation to concrete issues and possibly de-politicized ones**
- 4. Recognize the overall constraints of a non-accountable system; leaders may be more accountable to donors than public**

Case Study Database

Interactive compendium of international experience
– 74 cases

Guidance based on systematically collected lessons

- Country corruption syndrome
- Type of intervention
- Sector
- Outcome of intervention

Output includes narrative report



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Next steps, next challenges

- Additional country testing; focus on syndromes utility for program recommendations
- Whether/how to make this assessment more participatory
- More systematic use of existing indicators & measurements; linking more closely with the syndrome analysis
- Revise, simplify handbook